

		Column A TOTAL		Column B NORTH DAKOTA	
<b>1. Adjusted gross income</b> • For Column A - Enter the amount from line 26, Column A, Schedule NR • For Column B - Enter the amount from line 26, Column B, Schedule NR ..... (H)				1	(I)
<b>(Schedule NR On Page 11 Must Be Attached)</b>					
2. Interest income from sale of land to a qualifying beginning farmer ..... (3H)				2	
3. Rental income from leasing of land to a qualifying beginning farmer ..... (3I)				3	
4. Gain from sale of land to a qualifying beginning farmer ..... (3J)				4	
5. Interest income from sale to a qualifying beginning businessman ..... (3N)				5	
6. Rental income received from a qualifying beginning businessman ..... (3L)				6	
7. Gain from sale to a qualifying beginning businessman ..... (3M)				7	
8. Other (Identify) _____ (Please read instructions) ..... (3T)				8	
9. Total (Add Lines 2, 3, 4, 5, 6, 7, and 8) ..... (3U)				9	
10. Balance (Subtract Line 9 from Line 1, Column B) .....				10	
11. Federal income tax—see instructions for amount to enter on this line ..... (N)				11	
12. Deductible percentage: Divide Line 10 by Line 1, Column A (Round to nearest whole percentage) (Cannot exceed 100%) .....			%	12	
13. Federal income tax deduction (Line 11 multiplied by percentage on Line 12) ..... (3Y)				13	
14. Balance (Subtract Line 13 from Line 10) .....				14	
15. Add North Dakota adjustments (Please read instructions) ..... (3E)				15	
16. Balance (Add Lines 14 and 15) .....				16	
• If you itemized deductions on your federal income tax return, or if you are required to itemize deductions for federal income tax purposes (whether or not you have any qualifying deductions), complete Lines 17 through 21, skip Line 22, and enter the amount from Line 21 on Line 23.  • If you took the standard deduction on your federal income tax return, skip Lines 17 through 21 and see the instructions for Line 22.					
17. Amount from Line 28, Schedule A (Form 1040) ..... (J)				17	
18. Medical expenses not allowed on Schedule A (Form 1040) (See instructions) ..... (K)				18	
19. Balance (Add Lines 17 and 18) .....				19	
20. State and local income taxes deducted on Schedule A (Form 1040) (See instructions) ... (L)				20	
21. Net itemized deductions (Line 19 less Line 20) .....				21	
22. Federal standard deduction (See instructions) ..... (3D)	22				
23. If you were required to complete Lines 17 through 21, enter the amount from Line 21. Or, if you were required to complete Line 22, enter the amount from Line 22 ..... (M)				23	
24. Federal exemption amount (See instructions) ..... (3C)				24	
25. If your Filing Status (at top of Page 1) is 2, 4, or 5, enter \$300 .....				25	
26. Total (Add Lines 23, 24, and 25) ..... (O)				26	
27. Deductible percentage: Divide Line 1, Column B, by Line 1, Column A (Round to nearest whole percentage) (cannot exceed 100%) .....			%	27	
28. Line 26 multiplied by percentage on Line 27 ..... (3B)				28	
29. North Dakota taxable income (Subtract Line 28 from Line 16. Enter here and on Line 1, page 1) ..... (P)				29	

# Instructions For Schedule 3

(Attach Schedule 3 to Form 37)

This schedule is to be used only by a nonresident filer who chooses to use Form 37 (Long Form). However, before you attempt to complete this schedule, please read the "Instructions For Form 37 (Long Form)" at the top of page 6 of the instruction booklet.

**Lines 2 through 4.** The law provides for tax incentives for a landowner to sell or lease land in North Dakota to a qualifying beginning farmer. The landowner may qualify for certain deductions which may be claimed on lines 2, 3, and 4. See instructions for lines 12, 13, and 14 of Schedule 2, Form 37, for further information.

**Lines 5 through 7.** The law provides for tax incentives for the owner of a business to sell or lease a revenue-producing enterprise in North Dakota to a qualifying beginning businessman. The owner may qualify for certain deductions which may be claimed on lines 5, 6, and 7. See instructions for lines 16, 17, and 18 of Schedule 2, Form 37, for further information.

**Line 8.** If you were a resident of North Dakota for part of the year, you may deduct for North Dakota purposes those adjustments that pertain to North Dakota income for the portion of the year you were a resident. See instructions for lines 7, 8, 9, 10, 11, 15, 19, 20, and 23 of Schedule 2, Form 37, for further information. Attach a detailed schedule showing the computation of each adjustment.

Also enter the amount of income from a Subchapter S corporation subject to the North Dakota financial institution tax. For details, obtain the *Income Tax Guideline: Adjustment For Income (Loss) From S Corporation Subject To N.D.C.C. ch. 57-35.3*. **Attach a copy of the statement from the corporation to substantiate the adjustment.**

**Line 11.** Enter on this line the federal income tax as follows:

- If you used **Form 1040EZ**, enter line 10 **less** line 8a; or
- If you used **Form 1040A**, enter line 25 **less** line 29c; or
- If you used **Form 1040**, enter line 46 **plus** line 50 **plus** any Section 72(m)(5) excess benefits tax and recapture taxes included on line 53 **less** line 56a; or
- If you used **Telefile Worksheet**, enter amount from line J (the "Tax" box) **less** line K.

**Line 15.** If you were a resident of North Dakota for part of the year, you must add back for North Dakota purposes those adjustments that pertain to North Dakota income for the portion of the year you were a resident. See instructions for lines 2 and 4 of Schedule 2, Form 37, for further information. Attach a detailed schedule showing the computation of each adjustment.

Also enter the amount of loss from a Subchapter S corporation subject to the North Dakota financial institution tax. For details, obtain the *Income Tax Guideline: Adjustment for Income (Loss) From S Corporation Subject To N.D.C.C. ch. 57-35.3*. **Attach a copy of the statement from the corporation to substantiate the adjustment.**

**Line 18.** If you itemized your deductions on your federal income tax return, you are allowed to deduct for North Dakota tax purposes those medical expenses that were not allowed on Schedule A (Form 1040) because of the 7.5% limitation.

**Line 20.** State and local income taxes deducted on Schedule A (Form 1040) are not deductible for North Dakota income tax purposes and must be entered on this line. If you itemized deductions for federal income tax purposes on Schedule A, Form 1040, and if a portion of your itemized deductions was disallowed because your federal adjusted gross income exceeded \$121,200 (\$60,600 if married filing separately), complete the following schedule:

1. Amount of state and local taxes from line 5, Schedule A (Form 1040) \_\_\_\_\_
2. Amount from line 3 of Federal Itemized Deductions Worksheet in Form 1040 instructions \_\_\_\_\_
3. Divide line 1 by line 2 (round to nearest whole percentage) \_\_\_\_\_ %
4. Amount from line 9 of Federal Itemized Deductions Worksheet in Form 1040 instructions \_\_\_\_\_
5. Multiply line 4 by percentage on line 3 \_\_\_\_\_
6. Line 1 minus line 5 (enter on line 20, Schedule 3, Form 37) \_\_\_\_\_

**Line 22.** Enter your federal standard deduction as follows:

- If you used **Form 1040A**, enter amount from line 19; or
- If you used **Form 1040**, enter amount from line 35; or
- If you used **Telefile Worksheet**, enter amount from line I (the "Standard Deduction" box); or
- If you used **Form 1040EZ**, refer to A or B below depending on how you answered the question on line 5, Form 1040EZ, and follow the corresponding instructions:

**A.** If you answered "**Yes**" on Line 5, Federal Form 1040EZ, complete the following schedule and enter the amount from line 5 on line 22:

1. Enter the amount from line 1, Form 1040EZ 1. \_\_\_\_\_
2. Minimum standard deduction 2. 650
3. Enter the LARGER of line 1 or line 2 3. \_\_\_\_\_
4. Maximum standard deduction. If single enter 4,150; if married, enter 6,900 4. \_\_\_\_\_
5. Enter the SMALLER of line 3 or line 4. 5. \_\_\_\_\_

**B.** If you answered "**No**" on Line 5, Federal Form 1040EZ, enter the appropriate amount from below on line 22:

- If you are single, enter \$4,150, **OR**
- If you are married, enter \$6,900.

**Line 24.** Enter your federal exemption amount as follows:

- If you used **Form 1040A**, enter amount from line 21; or
- If you used **Form 1040**, enter amount from line 37; or
- If you used **Telefile Worksheet**, enter amount from line I (the "Exemption Amount" box); or
- If you used **Form 1040EZ**, refer to A or B below depending on how you answered the question on line 5, Form 1040EZ, and follow the corresponding instructions:

**A.** If you answered "**Yes**" on Line 5, Federal Form 1040EZ, enter the appropriate amount from below on line 24:

- If you are single, or if you are married and both spouses can be claimed as dependents, enter \$0, **OR**
- If you are married and only one spouse can be claimed as a dependent, enter \$2,650.

**B.** If you answered "**No**" on Line 5, Federal Form 1040EZ, enter the appropriate amount from below on line 24:

- If you are single, enter \$2,650, **OR**
- If you are married, enter \$5,300.